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Airliner Production Is Threatened By Boeing and Lockheed Strikes

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BURBANK, Calif., Oct. 13—Strikes against the Lockheed Corporation here and the Boeing Company in three cities threaten to halt much of the nation's output of airliners just when the slumping aerospace industry has been enjoying a resurgence of orders for jet transports.

Meanwhile, the country's only other major producer of airliners, the McDonnell-Douglas Corporation of nearby Long Beach, faces expiration of its major union contract on Sunday.

Almost 24,000 International Association of Machinist members struck the Boeing facilities in Seattle, Wash., Portland, Ore., and Wichita, Kan., on Oct. 4. Last Monday, about 15,000 Lockheed members of the I.A.M. in California went on strike.

Although employees at Lockheed's Marietta, Ga., plant have so far not joined the strike, union officials said today they expected members there to walk out by early next week.

Both companies say they are attempting to continue delivery of aircraft by concentrating the efforts of supervisory and nonstriking employees on planes in the final stages of assembly. Boeing, for example, hopes to deliver most of the 15 airliners it had scheduled for completion in October.

Union officials say the strike is much more effective than the companies concede, and officials of the two manufacturers acknowledge that the strikes will have a major impact on production if the strikes are prolonged.

Negotiators for Boeing and the machinists' union resumed bargaining yesterday, but negotiations broke down today and were not scheduled to resume until next Thursday. Negotiations at Lockheed will resume on Tuesday.

Company officials say that so far the strikes have not had a serious impact on deliveries of military products, but concede that there would soon be problems if the strikes went on very long.

Lockheed's military programs here include production of the T-3 Orion and S-3A antisubmarine planes and a militarily classified, low-noise reconnaissance aircraft with special design provisions to evade enemy radar that is being developed in Lockheed's secret "Skunk works," which became famous for producing the U-2 high altitude plane.

Also likely to be affected by a prolonged strike is fabrication of prototype missiles being readied for testing for the Navy's new Trident submarine. The Trident is being developed at Lockheed's Sunnyvale, Calif., facility, as well as

The strikes have occurred in a period of relative prosperity for the two companies, and at least some industry analysts see the walkouts as an indication that the unions want a greater share of the prosperity. At Lockheed's recent annual meeting here, company officials promised an upturn in company profitability, while Boeing has been doing a sizzling business this year of selling jet airliners.

Lockheed, while it has not done nearly as well at selling commercial airliners, has had a steady, healthy military sales effort, and has only recently begun to bounce back modestly after almost a decade of turmoil, scandal and a close brush with bankruptcy.

Both I.A.M. strikes involve union pressure for higher wages and fringe benefits and for improved job security provisions in an industry known for its feast and famine cycles and recurrent layoffs. However, certain issues are different in the two strikes.

Lockheed's management contends that during the low point of its fight for corporate survival in 1974 it gave in to machinist union demands for wage and retirement benefits that make it difficult to compete with other aerospace companies. The company is hoping to ameliorate some of these provisions in the current talks—a step the union has denounced as an effort "to gut the contract."

One source close to negotiations said that as a result of the 1974 bargaining the lowest entry-level wage for I.A.M. members at Lockheed is now more than \$6 an hour, while it is less than \$5.50 at Boeing, McDonnell-Douglas and Rockwell International, another aerospace company. Lockheed says that its average hourly wage for all I.A.M. members now is \$7.32.

Another provision of the 1975 contract provides certain rights to employees furloughed from one job to "bump" employees with lower seniority in another job specialty. This provision, the company asserts, often leads to a long series of job reassignments and expensive retraining and reduced efficiency.

In a memo sent to employees yesterday, Lockheed said that its offer to the union "was not a final position" but asserted that it had to limit retirement plan improvements, tighten the job-bumping rules for new employees and limit entry-rate levels for new employees in order to remain competitive.

Lockheed's offer involves principally economic issues, although there is also a union proposal for a union shop—a contractual provision

Lockheed and Boeing, in initial offers, proposed wage increases of 3 percent a year over three years. Justin Ostro, an I.A.M. vice president who is coordinating the union's negotiations with both companies, said that Lockheed had offered "a take-away contract" and that Boeing's offer was "so low it is insulting."

The union wants a three-year, 20 percent wage increase at Boeing, and at Lockheed it is seeking an 8 percent pay increase in the first year of the contract and 4 percent in each of the succeeding two years.

Although contracts between McDonnell Douglas and two unions, the I.A.M. and the United Automobile Workers, expire Sunday, a seven-day termination notice is required before a strike could be called. Sources on both sides in the negotiations say they do not expect a strike until the course of the Boeing talks becomes more clear. "I think everybody's waiting for Boeing to set a pattern," a U.A.W. official said today.

Contracts with Rockwell International will also terminate shortly. Largely because the company is going through a period of heavy layoffs following the decision not to produce the B-1 bomber, the U.A.W. local representing Rockwell International employees has been mostly on the sidelines during the current round of negotiations, waiting for other companies to set a wage pattern.